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Testimony of

Julia Evans Starr
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Connecticut's Legislative Commission on Aging

Labor and Public Employees Committee
March 8, 2016

Senator Gomes, Representative Tercyak, Senator Hwang, Representative Rutigliano and esteemed members of the Labor Committee, my name is Julia Evans Starr and I am the Executive Director for Connecticut's Legislative Commission on Aging. I thank you for this opportunity to comment on HB 5591.

Connecticut's Legislative Commission on Aging is the non-partisan, public policy office of the General Assembly devoted to preparing Connecticut for a significantly changed demographic and enhancing the lives of the present and future generations of older adults. For over twenty years, the Legislative Commission on Aging has served as an effective leader in statewide efforts to promote choice, independence and dignity for Connecticut's older adults and persons with disabilities. In doing so and as part of our charge we dedicate efforts to ensure economic security of older adults.

HB 5591: An Act Creating the Connecticut Retirement Security Program ~ CT's Legislative Commission on Aging Supports

As you know, the population in Connecticut, across the country and around the globe is aging dramatically. Between 2010 and 2030, Connecticut's population of adults age 65 and older will increase by 57%. At least 20% of almost every town's population in Connecticut will be 65 years of age or older by 2025, with some towns exceeding 40%. Presently, Connecticut is the 7th oldest state in the nation, has the 3rd longest-lived constituency and is home to more than 1 million baby boomers.

When Social Security was enacted in 1935, the average life expectancy was 62 years of age, three years less than traditional retirement age. Today, on average, we can expect to live 15-20 years beyond the retirement age. Social Security has proven to be a tremendous success story, resulting in only 10% of the nation's older adult population living below poverty line. Without Social Security, that number would be closer to 50% below the poverty line. Still, it is important to note that the average Social Security benefit is \$15,000 per year.

In 2009, CT's Legislative Commission on Aging partnered with the Permanent Commission on the Status of Women and Wider Opportunities for Women, Inc. to measure the economic security of older adults in Connecticut. Economic security means having enough income to cover basic expenses and enough savings to protect against economic hardship if life circumstances change. The data from this study was updated in 2014 and shows that the average Social Security benefit leaves a single female renter approximately \$9,900 below the amount needed for economic security in Connecticut.

Historically, social security, with private pension, and personal savings had been the proverbial 3-legged stool for financial security in the later years. Today, Social Security often faces policy threats and its income alone is inadequate, traditional pensions are disappearing from the private workforce and personal savings has declined (exacerbated by the recession). The number of private industry employers offering defined benefit pension plans declined by 83% from 1983 to 2005. A recent study found that one-third of U.S. residents between 45 and 54 years of age had saved nothing specifically for retirement. Additionally, data from Connecticut's Long-Term Care Needs Assessment shows that 40% of people in Connecticut have saved nothing for their future long-term services and supports needs, and another 20% have said they can only afford \$10,000 toward the needs. This, of course, means that many people may end up utilizing state and federal programs such as Medicaid to meet their daily needs.

Approximately, 600,000 Connecticut workers lack access to an employer sponsored plan or pension. Downward trends are significant for workers across all age and race demographics and economic categories with low-income workers at the lowest level of opportunity. Access to a public retirement program would help Connecticut employees, who do not currently have access to a retirement savings program, to save their own money. This is especially important for the next generation of older adults, racial and ethnic minorities, women, low wage earners and employees of small employers – all of whom have less access to employer-based retirement plans than other populations.

Diminishing retirement security puts pressure on all taxpayers for increased public support. The Retirement Security Program could save the state money in the long-term by delaying or preventing older adult reliance on public assistance. Accordingly, any policies that promote individual saving and delay or prevent enrollment in these and other public assistance programs could result in significant federal and state government savings.

The Retirement Program contained in this bill is a forward-thinking solution to an emerging crisis for older adults of tomorrow. This self-sustaining program will set aside workers' own money to help build for their future. To ensure the rates of utilization necessary to be successful and to reduce both racial and income disparities, employees' retirement contributions will be automatically deducted from their paychecks. They will, however, have an opportunity to opt out in writing.

We appreciate the Retirement Security Board's, under the leadership of Comptroller Lembo and Treasurer Nappier, extraordinarily deliberative process to develop this proposal. We support this important piece of legislation and ask that you do the same. It represents responsible public policy, given the state's changing demographics and financial landscape. It gives workers the tools to be able to save for their own retirement, resultantly saving the state money (for services they may otherwise be reliant on) and helping people be able to help themselves.

Thank you for your consideration of this proposal and providing us the opportunity to comment today.